WEEKLY ECONOMIC REVIEW

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Energy prices and U.S. inflation data headlined world economic news this week.

Oil prices fell back from the record high of $67.10 (US) reached last Friday, amid heightened concerns regarding the impact of high energy prices on the global economy. However, renewed supply fears led to a late-week price rally, spurred by increased geopolitical tensions in the Middle East and politically-related supply disruptions in Ecuador.

Natural gas markets experienced a volatile week. U.S. natural gas futures prices reached their highest level in over 4 years on Tuesday (at a price equivalent to more than $11.70 Cdn/mcf), before dropping sharply later in the week when U.S. inventories came in higher than expected.

U.S. wholesale prices jumped 1% in July, double the expected increase. The rise in producer prices raised concerns regarding the future course of U.S. CPI inflation, and reinforced the market's view that the U.S. Federal Reserve will continue to raise interest rates in the near term.

Cdn Dollar (C¢/US$)

Aug 19, 2005	82.4¢
Aug 12, 2005	83.7¢
2005-06 YTD	81.0¢

WTI Oil US$/bbl

Aug 18, 2005	$63.27
Aug 11, 2005	$65.80
2005-06 YTD	$55.93

Nymex Natural Gas C$/mcf*

September Contract

Aug 19, 2005	$11.01
Aug 12, 2005	$11.38

*Estimate based on Nymex Futures Market Price

The U.S. dollar regained ground this week on global currency markets, supported by expectations of further U.S. interest rate hikes and the recent drop in oil prices. These same factors hurt the Canadian dollar, which fell by over a cent after reaching an 8-month high of 83.7 cents (US) last week.

Alberta's manufacturing sector continued to show strong gains, with shipments rising 0.9% in June. Through the first half of 2005, Alberta's manufacturing shipments are up 14% - the fastest rate of growth in Canada and nearly triple the national increase in shipments (4.8%).

Economic Indicators Released This Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Manufacturing Shipments ($ millions)	**June**			
Alberta	4,905	0.9%	11.5%	14.0%
Canada	50,341	0.5%	0.7%	4.8%
Wholesale Trade ($ millions)	**June**			
Alberta	4,548	-0.7%	17.7%	17.8%
Canada	39,909	0.5%	5.0%	6.6%
New Motor Vehicle Sales (# of vehicles)	**June**			
Alberta	18,786	7.4%	18.4%	11.0%
Canada	138,875	12.1%	5.8%	3.2%

Source: Statistics Canada

[1]Year-to-date 2005 compared to the same time period in 2004. For example: January-June 2005 versus January-June 2004.